

THE DIRECTOR OF CENTRAL INTELLIGENCE

WASHINGTON, D.C. 20505

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National Intelligence Council

MEMORANDUM FOR: Director of Central Intelligence
: Deputy Director of Central Intelligence

THROUGH : National Intelligence for Warning

FROM :
: Assistant National Intelligence Officer for Western
Europe

SUBJECT : Monthly Warning Assessment: Western Europe

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West German and INF

Chancellor Kohl is committed to going ahead with INF deployment.

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European Community - US Agricultural Dispute

4. While there appears to be a tacit truce now between the US and the EC on new steps to subsidize farm exports to third-country markets, analysts agree the dispute could become active again in short order. There is disagreement, however, over whether the Europeans would choose to retaliate against "unfair" US exports mainly by increasing their own subsidies or by increasing tariffs against US agricultural exports to the Community. The EC could ill afford an all-out subsidies war, but probably would be able to increase sales above currently projected levels. Import barriers to US soybeans and corn gluten, on the other hand, would increase feeding costs in Europe and also provoke strong US reactions. Further escalation of the farm dispute might nevertheless weaken resistance with the EC to arguments, primarily French, in favor of import barriers, arguments that are bound to be heard more frequently in the context of easing the EC's adjustment to the prospective membership of Spain and Portugal.

Spain and NATO

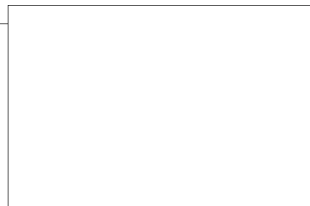
5. The outlook for Spain's integration into NATO remains uncertain. Prime Minister and Socialist leader Felipe Gonzalez appears to be avoiding conflicts with his party's leftwing opponents of NATO, but is also striving not to cut ties with NATO. The government in Madrid would like to link its integration with NATO to successful negotiations on Gibraltar, EC membership, security guarantees for Spain's enclaves in North Africa, and appropriate command boundaries. There is little domestic pressure for moving forward on NATO integration: most Spaniards are either indifferent to membership or oppose it. The Communists and leftwing Socialists are actively campaigning against integration, and even rightwing elements maintain an isolationist attitude. The actions of the Greek government within NATO have encouraged the view that some special status could be created for Spain.

6. Some analysts believe that the chances for full integration will diminish the longer the present status continues and that Madrid requires a clear sign from NATO that Spain cannot maintain this status. Other analysts believe that Gonzalez cannot bring Spain out of its isolationism too fast without jeopardizing support from both the left and right and that if NATO puts pressure on Spain, this might work against movement

toward integration. These analysts believe that the approach most likely to produce eventual movement towards integration would combine discreet signals from NATO that full participation is expected but that complete solidarity on all foreign policy issues (e.g., Central America) is not required.



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